

Statement of Penelope A. Gross on Chesapeake Bay Restoration Efforts
EPA Regional Meeting
Northern Virginia Community College
October 5, 2010

Good evening. My name is Penny Gross, and I represent the Mason District on the Fairfax County Board of Supervisors. I also am the immediate past chair of the Metropolitan Washington Council of Governments, serve on the Board of the Virginia Association of Counties (VACo), represent the Commonwealth of Virginia on the Local Government Advisory Committee (LGAC) to the Chesapeake Bay Executive Council, and chair the Potomac Watershed Roundtable.

My remarks tonight are on behalf of the Virginia Association of Counties, although there are many common threads with the other organizations I represent. VACo is a statewide organization that represents all of Virginia's 95 counties. VACo exists to support county officials and to effectively represent, promote and protect the interests of counties to better serve the people of Virginia. VACo appreciates the efforts of the Environmental Protection Agency to work with the state and local governments.

We all support a healthy environment. Last year VACo joined with the Virginia Municipal League as a partner in the Go Green initiative which was initiated to encourage local governments to improve energy efficiency and promote sustainability. In recent years, we have worked in the most constructive manner possible to improve Virginia's environment. We have done this through by participating on various study groups and task forces, and the coordination of educational programs on environmental issues for county officials. Many local ordinances have been adopted or amended to improve our local and shared environment, not an easy thing to do in a Dillon Rule state, where we have to depend on the General Assembly to enact enabling legislation!

VACo strongly desires to play a constructive role in improving water quality in the Chesapeake Bay and all waters of Virginia, and we believe that a sound strategy for improving water quality to levels required by EPA will not succeed unless the economic costs associated with these efforts are fully understood, and a plan is developed for distributing these costs among the different levels of government.

It is important for EPA to understand that local governments in Virginia have major concerns about the costs that the TMDL initiative will impose upon local governments. In the current economic conditions, these initiatives could not be coming at a more difficult time. Please consider these realities under which local governments have operated in recent years:

- Because of the state's fiscal conditions, state aid to localities has fallen by \$1 billion since 2008.
- These cuts in state aid have affected the quality of our public schools, mental health programs, social services and public safety.

- The fiscal conditions of recent years have forced many local governments in Virginia to cut back services and their workforces.
- Between June, 2009 and June, 2010, in just one year, 15,600 local government jobs in Virginia disappeared.

These points are not being made to suggest that we should not be active partners in improving water quality. In fact, local governments have done the lion share of the work in this area. Our chief contention is that there is a major role that federal and state governments must make in underwriting the costs of the very costly programs that the Chesapeake Bay TMDL will generate.

For most local governments, the most direct impact is MS4 permits, combined stormwater permits where the TMDL may require retrofits, but says nothing about how local governments will pay for them. EPA needs to tell the states that they have an obligation to provide funding if they require major retrofits at the local level. For that matter, EPA says nothing about federal funding to help meet requirements of the TMDL. They do not understand the implications that local governments may, indeed will, have to raise taxes to meet the requirements, and the issues that raises with local taxpayers.

Five years ago, I was a member of the Chesapeake Bay Watershed Blue Ribbon Finance Panel, chaired by former Virginia Governor Gerald Baliles. The Blue Ribbon Panel issued a report stating that the “most up-to-date cost of implementing all strategies (associated with restoring the Chesapeake Bay”) is \$28 billion in total upfront capital costs, including some items that are primarily for the benefit to local waters, and not the Bay itself.” When issuing these estimates, the Panel criticized past efforts to restore the Bay as “poorly coordinated” partly because of its lack of “a permanent funding base that is sufficiently large to do the job.” Despite the recent news by EPA about the availability of \$491 million in Bay restoration activities, we fear it falls far short the vast sums needed to restore water quality especially if urban storm water systems need to be retrofitted. These efforts will necessitate, among all participating states, billions of dollars in capital costs that will severely strain local government budgets. While we understand the need to undertake these projects, we need to have a very serious discussion about the legal and financial challenges associated with them that must be recognized by EPA.

In response to what it identified as an enormously costly undertaking, the Blue Ribbon Finance Panel recommended the creation of a \$15 billion interstate Chesapeake Bay Financing Authority, \$12 billion of which would be capitalized through federal appropriations, with the remaining \$3 billion contributed by the states in the Chesapeake Bay watershed and the District of Columbia. Unfortunately, the Panel’s report seems to be forgotten, and the Governors’ subsequent appeals to Congress were rebuffed, but we believe a review of these recommendations would be very timely.

No matter how laudable the intentions behind the development of the Chesapeake Bay TMDL program, the most certain outcome will be another disappointing program failure if indifference

at the federal level to economic and fiscal impacts continues. If concerns relating to costs are not analyzed and addressed at the early stages of this initiative, the entire program will fall under the weight of the economic burdens it will impose upon many local governments and businesses. Furthermore, if we don't have a firm understanding of costs and how the burdens of meeting these costs will be distributed, we don't have a true "partnership."

On several occasions throughout the past year, VACo has had many occasions to discuss water quality issues, and the Chesapeake Bay restoration efforts. The issue was most recently revisited by VACo's Environment and Agriculture Steering Committee on August 6 where the following policy statement was adopted:

"VACo supports effective partnerships among and across all levels of government to improve water quality.

VACo urges state and federal agencies to consider carefully impacts on local governments of any initiatives intended to reduce loadings of pollutants into state waters from both point and non-point sources. In order for comprehensive, watershed-wide, water quality improvement strategies to be effective, major and reliable forms of financial and technical assistance from federal and state governments will be necessary. VACo supports the goal of improved water quality but will vigorously oppose provisions of any strategy that threatens to penalize local governments by withdrawing current forms of financial assistance or imposing monitoring, management or similar requirements on localities without providing sufficient resources to accomplish those processes."

Next week, the Metropolitan Washington Council of Governments Board, representing more than 4 million people in the watershed, will adopt a policy statement and comments on the TMDL that will focus on holistic requirements, equitable responsibility, sound science, and communication and voice, so please watch for that.

Thank you very much for your consideration of the issues and concerns enumerated in these comments.